

**Asim Textile Mills Limited**

**FINANCIAL STATEMENTS**

**For the Half Year Ended December  
31, 2021**

## INDEPENDENT AUDITORS' REVIEW REPORT

### TO THE MEMBERS OF ASIM TEXTILE MILLS LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Asim Textile Mills Limited** ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the condensed interim financial statements). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

#### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

#### Matter of emphasis

We draw attention to Note 9 and 10 to the annexed interim financial information, which state that short term borrowings include Morabaha Finance obtained from Faysal Bank Limited amounting to

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Rs. 417.590 million on 31st October 1999 in respect of which the Company has filed suit against bank for charging illegal markups against principal of Islamic Banking and against circulars issued by State Bank of Pakistan and in contravention of objective clause of its Memorandum & Article of Association. Faysal Bank Limited has also filed a counter suit which has been adjudicated on 04th June 2015 against the Company as a result of which the Company has to settle the loan along with costs and cost of fund. Profit on these loans amounting to Rs. 194.161 million have already been provided for; however, provision for cost of funds has not been accounted for, having been undeterminable at this stage by the management, being aggrieved the Company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A No. 1372/2015 based on infield favorable judgments of Honorable Lahore High Court, Lahore. Our opinion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's report is Khan Muhammad.

**DATE: February 25, 2022**  
**FAISALABAD**

  
*Kreston Hyder Bhimji & Co.*  
**KRESTON HYDER BHIMJI & CO.**  
**CHARTERED ACCOUNTANTS**  
UDIN: AR202110199mA29XeMsy

# **ASIM TEXTILE MILLS LIMITED**

## **DIRECTORS' REPORT TO THE MEMBERS**

Your directors are pleased to present 2<sup>nd</sup> quarter and half yearly accounts for the period ended December 31, 2021.

The Company has earned net profit of Rs. 39 million as compared to net profit of Rs. 12.740 million of corresponding period of last year.

Earning per share (EPS) is Rs. 2.57 for half year as compared to (EPS) of Rs. 0.84 for half year in the corresponding period of last year.

There has been no change in the position of on going court cases with the bank, as reported in the director's report of the financial statements for the year ended 30.06.2021.

Transactions with related parties are carried out at arms length. The prices are determined in accordance with comparable uncontrolled price method.

The management would like to place on record its appreciation for the continuous support of its shareholders, customers and employees and expect to receive same cooperation in future.

**February 25, 2022**

**Faisalabad.**

For and on behalf of the Board



**ZAHID ANWAR**

**Chief Executive Officer**



## عاصم ٹیکسٹائل ملز لمیٹڈ

### عاصم ٹیکسٹائل ملز لمیٹڈ کے حصہ داران کے لیے ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز کی طرف سے دوسری سہ ماہی اور پہلی ششماہی 31 دسمبر 2021 کی رپورٹ حاضر خدمت ہے۔ آپ کی کمپنی نے اس ششماہی میں مبلغ 39 ملین روپے کا خالص منافع کمایا جبکہ پچھلے سال اسی عرصہ کے دوران کمپنی کو مبلغ 12.74 ملین روپے کا منافع ہوا تھا۔

دوسری سہ ماہی میں فی شیئر آمدنی (EPS) مبلغ 2.57 روپے ہے۔ جبکہ پچھلے سال کی دوسری سہ ماہی میں فی شیئر منافع 0.84 روپے ہوا تھا۔

بینک کے ساتھ عدالتی مقدمات اسی پوزیشن میں ہیں 30 جون 2021 سے اب تک ان میں کوئی تبدیلی نہیں آئی۔

ریلیجنڈ پارٹنرز کے ساتھ لیمن وین آرم لینتھ ٹرانزیکشن کے تحت کی گئی ہیں

ہم اپنے معزز خریداروں، حصہ داروں کے تعاون اور ستاف ممبران کی انتھک محنت کی قدر کرتے ہیں۔ اور اللہ تعالیٰ سے دعا گو ہیں کہ وہ ہمیشہ اپنی رحمت کا سایہ ہم پر رکھے۔ اور آئندہ اوقات اچھا ہو۔ آمین

بورڈ آف ڈائریکٹران کی طرف سے  
ذابھانوار  
چیف ایگزیکٹو آفیسر

25 فروری 2022

فیصل آباد

## **ASIM TEXTILE MILLS LIMITED**

### **CHAIRMAN' S REVIEW**

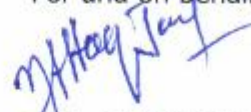
I am pleased to present the financial results of the Company. The Sales increased in this half year as compared to the corresponding period of the last year. Due to increase of sales, profit has also increased as compared to corresponding period of last year.

We are confident that during remaining period of current year, the company will maximize its profits.

The management remains committed to maintain focus on sustaining the financial performance of your company. I thank our shareholders, customers and staff for their support and trust in the company.

In the end, I would like to thank the Board of Directors for their valuable contribution and guidance throughout the period.

For and on behalf of the Board



**MR. ANWAR UL HAQ**

**Chairman BOD**

**February 25, 2022**

**Faisalabad.**

## عاصم ٹیکسٹائل ملز لمیٹڈ

چیئرمین کا جائزہ

مجھے کمپنی کے مالیاتی نتائج پیش کرتے ہوئے خوشی ہو رہی ہے گزشتہ سال کی اسی مدت کے مقابلے میں اس ششماہی میں فروخت میں اضافہ ہوا ہے جس کی وجہ سے منافع میں گزشتہ سال کی اسی مدت کے مقابلے میں اضافہ ہوا ہے ہم اس بات پر پُر امید ہیں کہ کمپنی اس سال ترقی کی طرف گامزن رہے گی۔ اور اس سال بہترین نتائج حاصل کرنے کیلئے کاروبار کے بہترین طریقے اختیار کریں گے۔

انتظامیہ اس سلسلے میں پرعزم ہے کہ آپ کی کمپنی کی مالی کارکردگی کو برقرار رکھنے کے معاملے پر خصوصی توجہ مرکوز رکھے گی۔ ہم اپنے حصص یافتگان، کسٹمرز اور سٹاف کے شکرگزار ہیں جسکی مدد اور اعتماد کمپنی کو حاصل رہا۔

آخر میں، میں بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرتا چاہتی ہوں جن کی طرف سے انتھک محنت، قیمتی شراکت اور رہنمائی فراہم کی جاتی رہی۔

بورڈ کی طرف سے



محمد انوار الحق

چیئرمین بورڈ آف ڈائریکٹرز

25 فروری 2022

فیصل آباد

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

		Un-Audited December 31, 2021	Audited June 30, 2021
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	494,369,211	506,790,243
Long term deposits		22,178,406	15,038,156
		<u>516,547,617</u>	<u>521,828,399</u>
<b>CURRENT ASSETS</b>			
Stores and spares		23,070,385	22,045,411
Stock in trade		453,709,654	141,513,069
Trade debts		19,701,997	59,992,572
Advances deposits and prepayments		26,554,608	8,257,823
Short term investments	6	24,103,985	23,651,905
Accrued income		729,966	449,870
Tax refunds due from government		75,776,664	21,142,474
Cash and bank balances		183,428,506	413,808,044
		<u>807,075,765</u>	<u>690,861,168</u>
<b>TOTAL ASSETS</b>		<u>1,323,623,382</u>	<u>1,212,689,567</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
17,500,000 ordinary shares of Rs.10 each		175,000,000	175,000,000
Issued, subscribed and paid up capital		151,770,000	151,770,000
Unappropriated profit/ accumulated (losses)		10,330,997	(33,839,180)
Surplus on remeasurement of investments		2,012,733	1,691,756
Surplus on revaluation of property plant and equipment	7	229,822,297	234,990,049
		<u>393,936,027</u>	<u>354,612,625</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities	8	107,703,142	113,298,671
<b>CURRENT LIABILITIES</b>			
Trade and other payables		206,321,184	132,318,757
Accrued mark-up		194,161,422	194,161,422
Short term borrowings	9	417,590,707	417,590,707
Provision for taxation		3,910,900	707,385
		<u>821,984,213</u>	<u>744,778,271</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,323,623,382</u>	<u>1,212,689,567</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

		Half year Ended		Quarter Ended	
		December 31,	December 31,	December 31,	December 31,
Note		2021	2020	2021	2020
----- Rupees -----					
Sales - net	11	1,124,924,325	816,226,727	658,713,160	419,825,995
Cost of sales	12	(1,059,390,500)	(779,926,536)	(634,570,543)	(408,920,677)
Gross profit		65,533,825	36,300,191	24,142,617	10,905,318
Operating expenses					
Distribution cost		(592,307)	(863,980)	(288,482)	(109,980)
Administrative expenses		(17,665,052)	(15,776,119)	(8,668,541)	(8,107,081)
Other operating expenses		(4,036,686)	(1,884,401)	(1,242,562)	(407,586)
		(22,294,045)	(18,524,500)	(10,199,585)	(8,624,647)
Profit from operations		43,239,780	17,775,691	13,943,032	2,280,671
Finance cost		(348,423)	(37,233)	(100,341)	(27,293)
Other income		9,226,919	4,766,962	3,401,330	1,625,968
Profit before taxation		52,118,276	22,505,420	17,244,021	3,879,346
Taxation		(13,115,851)	(9,765,640)	(963,293)	(3,513,174)
Profit for the period		39,002,425	12,739,780	16,280,728	366,172
Earnings per share - Basic and diluted		2.57	0.84	1.07	0.02

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half year Ended		Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Rupees			
<b>Profit for the period</b>	39,002,425	12,739,780	16,280,728	366,172
<b>Other comprehensive income:</b>				
Items that will be reclassified subsequently to profit or loss:				
Unrealized Income on changes in fair value of investments	452,080	4,297,848	13,267	3,514,038
Related effect of deferred tax liability	(131,103)	-	(22,886)	-
	320,977	4,297,848	(9,619)	3,514,838
<b>Total comprehensive income for the period</b>	<b>39,323,402</b>	<b>17,037,628</b>	<b>16,271,109</b>	<b>3,881,010</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	December 31, 2021	December 31, 2020
	----- Rupees -----	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	52,118,276	22,505,420
Adjustments for non cash and other items		
Depreciation	12,514,401	13,391,442
Profit on deposit accounts	(8,539,901)	(4,642,518)
Profit on disposal of property, plant and equipment	(7,919)	(124,444)
Workers welfare fund	1,228,938	-
Workers profit participation fund	2,807,748	-
Balances written back	(399,003)	-
Profit on deposit with SNGPL	(280,096)	-
Finance cost	348,423	37,233
<b>Cash generated before changes in working capital</b>	<b>59,790,867</b>	<b>31,167,133</b>
<b>Changes in working capital</b>		
<b>(Increase)/decrease in current assets</b>		
Stores and spares	(1,024,974)	(11,159,978)
Stock in trade	(312,196,585)	(165,953,085)
Trade debts	40,290,575	27,656,666
Advances deposits and prepayments	(18,296,785)	34,951,199
Tax refunds due from Government	(54,634,190)	2,433,138
<b>Increase in current liabilities</b>		
Trade and other payables	75,440,991	12,104,273
	(270,420,968)	(99,967,787)
<b>Cash used in operations</b>	<b>(210,630,101)</b>	<b>(68,800,654)</b>
Finance cost paid	(121,260)	(37,233)
Income tax paid	(15,638,968)	(12,050,302)
Workers profit participation fund paid	(5,303,410)	-
Staff retirement gratuity paid	-	(381,131)
<b>Net cash used in operating activities</b>	<b>(231,693,739)</b>	<b>(81,269,321)</b>
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition in property, plant and equipment	(125,450)	(2,002,459)
Long term deposits	(7,140,250)	-
Proceeds from disposal of property, plant and equipment	40,000	485,000
Profit on deposit accounts	8,539,901	4,642,518
<b>Net cash generated from operating activities</b>	<b>1,314,201</b>	<b>3,125,059</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(a+b)</b> <b>(230,379,538)</b>	<b>(78,144,262)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>413,808,044</b>	<b>217,631,187</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>183,428,506</b>	<b>139,486,925</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Share capital	Unappropriated profit/ Accumulated losses	Surplus/ (Deficit) on remeasurement of investments	Surplus on revaluation of plant and Equipment	Total
	----- Rupees -----				
Balance as at July 01, 2020	151,770,000	(121,097,747)	(2,928,204)	245,985,909	273,729,958
Profit for the period	-	12,739,780	-	-	12,739,780
Other comprehensive income	-	-	4,297,848	-	4,297,848
<b>Total comprehensive income for the period</b>	-	12,739,780	4,297,848	-	17,037,628
Incremental depreciation on revalued property, plant and equipment for the period	-	7,743,564	-	(7,743,564)	-
Tax effect on incremental depreciation	-	(2,245,634)	-	2,245,634	-
<b>Balance as at December 31, 2020</b>	<b>151,770,000</b>	<b>(102,860,037)</b>	<b>1,369,644</b>	<b>240,487,979</b>	<b>290,767,586</b>
Balance as at July 01, 2021	151,770,000	(33,839,180)	1,691,756	234,990,049	354,612,625
Profit for the period	-	39,002,425	-	-	39,002,425
Other comprehensive income	-	-	320,977	-	320,977
<b>Total comprehensive income for the period</b>	-	39,002,425	320,977	-	39,323,402
Incremental depreciation on revalued property, plant and equipment for the period	-	7,278,524	-	(7,278,524)	-
Tax effect on incremental depreciation	-	(2,110,772)	-	2,110,772	-
<b>Balance as at December 31, 2021</b>	<b>151,770,000</b>	<b>10,330,997</b>	<b>2,012,733</b>	<b>229,822,297</b>	<b>393,936,027</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



## ASIM TEXTILE MILLS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2021

#### 1. COMPANY AND ITS OPERATIONS

The Company is limited by shares and incorporated in Pakistan under the Companies Ordinance, 2017. Its shares are quoted at Karachi, Islamabad and Lahore Stock Exchanges, with effect from January 11, 2016 all three Stock Exchanges merged into Pakistan Stock Exchange. The principal business of the Company is manufacturing and sale of yarn. The Mill is situated at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad.

#### 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017. These condensed interim financial statements do not include all the information as required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should therefore be read in conjunction with the financial statements for the year ended June 30, 2021.

#### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimates were the same as those applied to the annual financial statements of the Company for the year ended June 30, 2021.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended June 30, 2021.
- 4.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period were either not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

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5. PROPERTY, PLANT AND EQUIPMENT

December 31, 2021									
DESCRIPTION	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION			W. D. V	Rate %	
	As at July 1, 2021	Addition	(Deletion)	As at December 31, 2021	As at July 1, 2021	For the year			Adjustment
Owned									
Freehold land	63,754,000	-	-	63,754,000	Rupees				-
Building on freehold land	184,989,839	-	-	184,989,839	66,997,209	2,949,816	-	63,754,000	-
Plant and machinery	640,365,812	-	-	640,365,812	356,960,785	7,085,126	-	115,042,814	5
Electric installations	56,159,000	-	-	56,159,000	23,042,035	1,655,848	-	276,319,901	5
Factory equipment	355,750	-	-	355,750	338,772	849	-	31,461,117	10
Office equipment	2,618,122	-	-	2,618,122	2,053,525	28,230	-	16,129	10
Furniture and fixture	659,633	-	-	659,633	525,244	6,719	-	536,367	10
Vehicles	30,876,791	125,450	(70,800)	30,931,441	23,071,134	787,813	(38,719)	127,670	10
								7,111,213	20
Total	979,778,947	125,450	(70,800)	979,833,597	472,988,704	12,514,401	(38,719)	485,464,386	
								494,369,211	

June 30, 2021										
DESCRIPTION	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				W. D. V	Rate %
	As at July 1, 2020	Additions	(Deletion)	As at June 30, 2021	As at July 1, 2020	For the year	Adjustment	As at June 30, 2021		
	Rupees									
<b>Owned</b>										
Freehold land	63,754,000	-	-	63,754,000	-	-	-	63,754,000	-	
Building on freehold land	184,989,839	-	-	184,989,839	60,787,071	6,210,138	-	66,997,209	5	
Plant and machinery	639,440,812	925,000	-	640,365,812	342,056,901	14,903,884	-	356,960,785	5	
Electric installations	56,159,000	-	-	56,159,000	19,362,372	3,679,663	-	23,042,035	10	
Factory equipment	355,750	-	-	355,750	336,885	1,887	-	338,772	10	
Office equipment	2,618,122	-	-	2,618,122	1,990,792	62,733	-	2,053,525	10	
Furniture and fixture	659,633	-	-	659,633	510,312	14,932	-	525,244	10	
Vehicles	30,349,332	1,077,459	(550,000)	30,876,791	21,327,218	1,933,360	(189,444)	23,071,134	20	
<b>Total</b>	<b>978,326,488</b>	<b>2,002,459</b>	<b>(550,000)</b>	<b>979,778,947</b>	<b>446,371,551</b>	<b>26,806,597</b>	<b>(189,444)</b>	<b>472,988,704</b>	<b>506,790,243</b>	

5.1 Depreciation charged for the period /year has been allocated as under:

Cost of sales  
Administrative expenses

Un-Audited	Audited
December 31, 2020	June 30, 2021
11,691,639	24,795,572
822,762	2,011,025
12,514,401	26,806,597

Rupees



		Un-Audited December, 31 2021	Audited June 30, 2021
		----- Rupees -----	
<b>6. SHORT TERM INVESTMENTS</b>	<b>Note</b>		
<b>Fair value through other comprehensive income (FVTOCI)</b>			
NAFA Islamic active allocation plan	6.1	17,077,184	15,798,245
JS Investment (JS Islamic Fund)	6.2	7,026,801	7,853,660
		<u>24,103,985</u>	<u>23,651,905</u>
6.1 These have been valued by using published net asset value (NAV) as at 31 <sup>st</sup> December, the number of units held by the Company are 130,128.5322 units (2021: 130,128.5322 units).			
6.2 These have been valued by using published net asset value (NAV) as at 31 <sup>st</sup> December the number of units held by the Company are 75,032.5785 units (2021: 75,032.5785 units).			
<b>7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Opening balance		234,990,049	245,985,909
Less: Incremental depreciation on revalued property, plant and equipment for the period/year		(7,278,524)	(15,487,127)
Add: Related effect of deferred tax liability		2,110,772	4,491,267
		<u>(5,167,752)</u>	<u>(10,995,860)</u>
Closing balance		<u>229,822,297</u>	<u>234,990,049</u>
First revaluation of company's building on freehold land and plant & machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.			
Second revaluation of company's freehold land, building on freehold land and plant and machinery has been carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (Pvt) Limited, Lahore and the same has been verified by SBP's approved auditors on the basis of depreciated replacement values.			
Third revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2012 by an independent valuer M/s Nizamy Associates, Faisalabad on the basis of depreciated replacement values.			
Fourth revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on September 30, 2015 by an independent valuer M/s Amir Evaluators & Consultants, Peshawar on the basis of depreciated replacement values.			
Fifth revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2020 by an independent valuer M/s S.A. Associates, Lahore on the basis of depreciated replacement values.			
The fair valuation of the revalued assets are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets. The fair value are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs.			
<b>8. DEFERRED LIABILITIES</b>			
Deferred taxation	8.1	107,703,142	113,298,671
<b>8.1 DEFERRED TAXATION</b>			
Balance as at July 01		113,298,671	118,636,604
Adjusted during the period / year		(5,595,529)	(5,337,933)
	8.1.1	<u>107,703,142</u>	<u>113,298,671</u>
<b>8.1.1 This comprise of following:</b>			
<b>Deferred tax liability:</b>			
Taxable temporary differences relating to operating assets		25,329,551	25,736,952
Taxable temporary differences relating to short term investment		822,102	690,999
Taxable temporary differences relating to surplus on revaluation of property, plant and equipment		85,652,647	87,763,419
<b>Deferred tax assets:</b>			
Deductible temporary differences relating to minimum tax		(4,101,158)	(892,699)
		<u>107,703,142</u>	<u>113,298,671</u>
<b>9. SHORT TERM BORROWINGS</b>			
<b>From banking company</b>			
<b>Secured</b>			
Morabaha I	9.1	340,901,898	340,901,898
Morabaha II		74,145,100	74,145,100
<b>Unsecured</b>			
Interest free bank overdraft	9.2	2,543,709	2,543,709
		<u>417,590,707</u>	<u>417,590,707</u>

- 9.1 Morabaha I represents secured finance by converting various morabaha finances into long term finance at interest rate of 13% per annum, whereas, the Morabaha II represents an interest free morabaha finance by converting various unpaid markups. These loans are secured against first charge of Rs. 505 million on fixed assets and personal guarantees of directors and Chief Executive of the Company.
- 9.1.1 The Company is not repaying the morabaha finances as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The bank has also filed a counter suit praying for a decree to be passed in its favor for a sum of Rs. 454.502 million against the defendants jointly and severally, with cost of funds at the rate of 20% or as certified by State Bank of Pakistan from date of default and 20% liquidated damages plus service charges and all costs, charges, expenses payable or to be incurred by the plaintiff bank till the final payment / realization of the afore-mentioned amount. The facts and status of the litigations are further explained in note 10.1.1.
- 9.2 The Company has obtained interest free bank overdraft facility from Faysal Bank Limited but ceased the repayment of the overdraft due to litigation in courts. The facts of the litigation are explained in note 10.1.1.

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

- 10.1.1 The Company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited (FBL) claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and circulars issued by the State Bank of Pakistan in addition to contravention of the objective clause of its Memorandum & Articles of Association. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suite filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the company. The company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. The learned Division Bench graciously allowed the appeal on 20.02.2020 and impugned judgment and decree dated 04.06.2015 was set aside. Consequently leave to appeal was adjudged to have been granted to the appellant company and the case is directed to be proceeded on that basis after framing issues and recording of evidences. Due to litigations, the Bank is not responding and confirming the balance to the company. Having been undeterminable at this stage, provision for cost of funds has not been accounted for.

- 10.1.2 By virtue of Finance Act, 2017, Section 5A of the Income Tax Ordinance, 2001 was amended. Through the revised provision, a tax equal to 7.5 percent of accounting profit for the year is required to be levied on every public company, other than a scheduled bank and modaraba, if distribution of cash dividend or bonus shares of at least 40 percent of the accounting profit after tax for the year is not made within six months. The tax rate was revised at 5% of accounting profit for tax year 2018 and 2019. Constitutional petitions have already been filed by some companies before Honorable High Courts challenging the tax and the Honorable Sindh High Courts has held the impugned provisions of Section 5A to be ultra vires of the Constitution, and was accordingly struck down.

The department has issued notice in terms of Section 122(9) for the year ended June 30, 2017 for charge of tax amounting to Rs. 2,995,427/-. The management has challenged the notice on the ground of jurisdiction before Honorable Lahore High Court vide writ petition No.48653 of 2021, who has disposed of by directing the concerned Commissioner to seize the matter to determine the question of jurisdiction before finalization of the assessment proceedings. The matter is lying pending at department end as question of jurisdiction has not been determined by the concerned commissioner. Accordingly provisions amounting to Rs. 2,995,427/- for the year ended June 30, 2017, Rs 2,937,309/- for the year ended June 30, 2018 and Rs 4,029,657/- for the year ended June 30, 2019 have not been made in these financial statements as the management expects a favorable outcome in this respect.

- 10.1.3 The department while initiating sales tax audits of the Company for the tax years 2012 and 2014, created demands on account of supplies from suspended/blacklisted units aggregated to amount of Rs. 818,182/-. Being aggrieved the Company filed appeals before Commissioner Inland Revenue (Appeals) who upheld the department's stance. The Company filed second appeals before Appellate Tribunal Inland Revenue Lahore on 15-Aug-2012, 25-Jul-2014, and 09-Oct-2014 which are pending for final decision. The management is contesting the case diligently and legal advisor is optimistic that the cases will be decided in the favor of the Company. Therefore, no provision has been made in these accounts.

### 10.2 Commitments

Under letters of credit for:

Capital expenditure

*K.H.B.*

Un-Audited	Audited
December, 31	June 30,
2021	2021
----- Rupees -----	
58,793,850	-



	Note	Half Year Ended		Quarter Ended	
		December 31	December 31	December 31	December 31
		2021	2020	2021	2020
		----- Rupees -----		----- Rupees -----	
<b>11. SALES - NET</b>					
Local:					
Yarn sales		1,304,439,304	942,278,356	768,017,491	482,746,968
Waste sales		11,722,174	12,706,953	2,676,912	8,449,460
Gross sales		1,316,161,478	954,985,309	770,694,403	491,196,428
Less: Sales tax		(191,237,153)	(138,758,582)	(111,981,243)	(71,370,433)
		1,124,924,325	816,226,727	658,713,160	419,825,995

## 12. COST OF SALES

Raw material consumed	12.1	731,573,983	504,372,229	397,087,479	252,341,886
Stores and spares consumed		26,240,083	10,961,714	15,477,853	10,908,877
Packing material consumed		16,875,911	13,635,042	8,629,052	7,352,459
Salaries, wages and benefits	12.2	108,341,718	98,598,561	55,905,945	57,759,410
Fuel and power		140,455,671	121,378,926	62,423,795	59,283,383
Fee and subscription		43,326	-	43,326	-
Repairs and maintenance		7,155,092	3,812,332	5,984,362	3,182,061
Postage and telecommunication		24,209	-	16,365	-
Insurance		2,486,457	1,829,130	1,671,469	1,076,624
Depreciation	5.1	11,691,639	12,392,004	5,845,820	6,201,782
Others		574,509	828,644	248,119	216,127
		1,045,462,598	775,808,582	553,333,585	398,322,609
Work in process					
Opening Balance		8,693,422	7,973,295	6,295,170	7,825,777
Closing Balance		(12,475,339)	(8,171,975)	(12,475,339)	(8,171,975)
		(3,781,917)	(198,680)	(6,180,169)	(346,198)
Cost of goods manufactured		1,041,680,681	775,609,902	547,153,416	397,976,411
Finished goods					
Opening Balance		40,184,593	9,936,664	109,891,901	16,564,296
Closing Balance		(22,474,774)	(5,620,030)	(22,474,774)	(5,620,030)
		17,709,819	4,316,634	87,417,127	10,944,266
		1,059,390,500	779,926,536	634,570,543	408,920,677

### 12.1 RAW MATERIAL CONSUMED

Opening Balance	92,635,054	120,169,326	129,202,426	141,866,983
Purchases	1,057,698,470	674,443,268	686,644,594	400,715,268
	1,150,333,524	794,612,594	815,847,020	542,582,251
Closing Balance	(418,759,541)	(290,240,365)	(418,759,541)	(290,240,365)
	731,573,983	504,372,229	397,087,479	252,341,886

12.2 This includes a sum of Rs. 2,291,333/- (Dec.2020-Rs.2,087,551/-) in respect of provident fund contribution.

## 13. TRANSACTION WITH RELATED PARTIES

Related parties include associated companies and undertakings, entities under common directorship, directors, major shareholders, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

### Transactions during the period

Name	Nature of transaction	Un-audited December 31, 2021	Un-audited December 31, 2020
--- Rupees ---			
Provident Fund Trust	Contributions to the fund	5,048,528	4,705,926
CEO/directors/members	Expenses paid on behalf of related parties	266,772	6,492,465
Key Management Personnel	Salary	3,000,000	1,913,868
Zeeshan Energy Limited	Purchase of electricity	-	24,743,364
Zeeshan Energy Limited	Payment against purchase of electricity	122,000	-

Un-audited December 31, 2021	Audited June 30, 2021
--- Rupees ---	

#### 14. SHARIAH SCREENING DISCLOSURE

<b>Loans/advances as per Islamic mode</b>		
Short term borrowings	417,590,707	417,590,707
<b>Shariah compliant bank deposits/bank balances</b>		
Bank balances	1,675,303	1,627,736
<b>Revenue earned from a shariah compliant business</b>	1,124,924,325	1,726,224,177
<b>Gain / loss or dividend from shariah compliant investments</b>		
Unrealized gain on short term investment	452,080	5,310,959
<b>Mark up on Islamic mode of financing</b>	194,161,422	194,161,422
<b>Profits or interest on shariah compliant bank deposits</b>	7,565	10,705
<b>Profits or interest on any conventional loan or advance</b>		
Profit on deposit accounts	8,532,336	9,396,380
Profit on deposit with SNGPL	280,096	1,159,153

#### Relationship with shariah compliant banks

##### Name of institutions

Dubai Islamic Bank  
Meezan Bank Limited  
Al Baraka Bank Pakistan Limited  
Faysal Bank Limited

##### Relationship with institutions

Bank balance  
Bank balance  
Bank balance  
Short term borrowings

Disclosures other than above are not pertinent to the Company.

#### 15. FINANCIAL RISK MANAGEMENT

##### 15.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available. Market risks are managed by the Company through the adoption of appropriate policies to cover currency risks and interest rate risks.

The Company has managed its currency risks by forward currency contracts.

There have been no changes in the risk management policies during the period since June 30, 2021 except those specifically mentioned. Consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

##### 15.2 Fair value measurements of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the IFRSs.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

The following table presents the Company's significant financial assets and liabilities measured and recognized at fair value at December 31, 2021 on a recurring basis:

*KH*



Un-audited			
As at December 31, 2021			
Rupees			
Level 1	Level 2	Level 3	Total
<b>Financial assets</b>			
Short term investments	24,103,985	-	24,103,985
<b>Total financial liabilities</b>	24,103,985	-	24,103,985
<b>Financial liabilities</b>			
	-	-	-
<b>Audited</b>			
As at June 30, 2021			
Rupees			
Level 1	Level 2	Level 3	Total
<b>Financial assets</b>			
Short term investments	23,651,905	-	23,651,905
<b>Total financial liabilities</b>	23,651,905	-	23,651,905
<b>Financial liabilities</b>			
	-	-	-

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities.

#### 16. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 25 FEB 2022 by the Board of Directors of the Company.

#### 17. GENERAL

**17.1** In order to comply with the requirements of IAS 34, the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of immediately preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable periods of immediately preceding financial year.

**17.2** Figure have been rounded off to the nearest rupees unless otherwise stated.

*KHBS*

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER